



**Minutes of a meeting held remotely of Audit Committee held on 26 November 2020**

Councillors present:

Patrick Coleman – Chair	
Stephen Andrews	Roly Hughes (left 5.28pm)
Tony Berry	Nick Maunder
Mark Harris (left 6.46pm)	Ray Theodoulou

Councillors observing:

Mike Every	Gary Selwyn
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Officers present:

Chief Finance Officer	Chief Accountant	Accounting Technician
External Auditors – Grant Thornton	Arlingclose	Democratic Services

AUD.30 No apologies were received. Councillor Roly Hughes apologised as he needed to leave early for a family commitment.

AUD.31 **Substitute Members** – There were no substitute arrangements in place.

AUD.32 **Declarations of Interest**

Councillor Berry declared that he was a member of the Friends of the Corinium Museum, which related to the Statement of Accounts.

AUD.33 **Minutes of the meeting held on 29 October 2020**

There had been a request from Councillor Every to record his name on the Minutes of 30 July and 29 October 2020. Subject to these amendments, it was

**RESOLVED that the minutes of the meeting of Committee held on 29 October 2020, be approved**

**Record of Voting – for 6, against 0, abstention 1, absent 0.**

**AUD.34 Chair's Announcements**

There were no announcement from the Chair.

**AUD.35 Public Questions**

No questions had been received from the Public.

**AUD.36 Member Questions**

No questions had been received from Members.

**AUD.37 Annual Governance Statement 2019/20**

The Chief Finance Officer explained that the draft Annual Governance Statement had been presented to the Committee in July 2020 and feedback from Members was incorporated in the latest version of the Statement

Queries from Members, on the Statement, included;

- the strengthening of the Scrutiny function, should be referred to in an additional action point. This was also referred to in the Peer Challenge Report;
- a report on the governance of Publica should be reflected in the statement;
- the wording relating to the reference to Covid-19, should be amended;, as the Chair of Overview and Scrutiny Committee was not involved in the decision making meetings on payments of grants until much later in the process;
- the performance report should be changed to bring it into alignment with the Corporate Plan;
- reference to approval of the Corporate Plan in September, questioning whether the Auditors judged it was in sufficient detail to monitor the plan delivery moving forward.

The Chair thanked Officers for updating the statement with comments previously made from Members.

**RESOLVED that**

- (a) the Chief Finance Officer be given delegated authority to amend the statement in line with the comments made;**
- (b) the final Annual Governance Statement for 2019/20 be approved for inclusion within the Statement of Accounts.**

**Record of Voting – for 7, against 0, abstention 0, absent 0.**

AUD.38 **Statement of Accounts, Letter of Representation and External Auditor Findings Report**

The Chair introduced this report and welcomed Peter Barber of Grant Thornton to the meeting.

Mr. Barber explained that the accounts needed to be signed off and completed by the end of November 2020. The Auditors were required to report on the accounts and to give an opinion on the Council's arrangements for value for money.. The audit of the accounts did start late; this was a consequence of one of the auditors changing employment from Grant Thornton to Publica and a whole new team of Auditors had to be appointed for the Cotswold audit, to ensure ethical standards were maintained. He thanked all concerned for the co-operation and support to enable the accounts to be signed by the statutory deadline.

The auditors had not identified any material errors in the accounts, and they intended to issue an unqualified clean opinion on the Council's accounts.

Risks were identified in the accounts on the valuation of land and buildings. The valuer had declared a, a material uncertainty on the valuations as a result of the economic conditions as at 31st March 2020. However, this did not require a qualification to the audit opinion. Another area focused on was the Pension Liability, although they had now received a letter of assurance from Gloucestershire County Council.

It was important to update financial strategies and to reassess the impact of Covid-19 on Council income and costs. However an unqualified value for money conclusion was given.

The Redmond Report put forward some recommendations on the production of financial statements and external audit including a recommendation that external audit fees should be increased.

It was important to always revisit and update the Medium Term Financial Strategy (MTFS) in relation to funding, even if new information was emerging, it should be as complete and as up-to-date as possible. It was anticipated that the Provisional Local Government Settlement would be published on 14 December 2020; the MTFS would be updated in line with this provisional settlement in readiness for the budget to be considered in February.

In terms of investment strategies, CIPFA had recently issued guidance discouraging borrowing in advance of the capital financing requirement; due diligence should always be undertaken to achieve the wider achievements and objectives of the Council,

Comments from Members on the report and Statement of Accounts were relating to:

- Valuation of properties particularly investment properties, querying the differing figures on page 52 of the accounts. Officers confirmed this would be corrected prior to signature;
- treasury assets;

- pension fund assets and liabilities;
- valuation reports were very long, although did need to be read to in full to understand;
- concern over access to the Public Works Loan Board to fund capital investment;
- an addendum to the balance sheet and changes in accounts were highlighted in yellow for information Members of changes to the accounts since publication of the Agenda papers;
- the impact on 2018/19 and 2019/20 surplus assets valuations;
- improvement and refinement of producing accounts from 2020/21;
- how the response to Covid-19 affected the accounts and protection from further pressures in 2020/21; understanding the relationship between external and internal audit;
- asset valuations - some valuations were carried out by the Council's Valuer and some by Carter Jonas. Valuation of the Leisure Centre and the impact of Covid-19 on the Council offices.

Concern was expressed that there was no mention of Community Infrastructure Levy (CIL), or Section 106 receipts in the report. It was explained that a detailed report was recently considered by Cabinet on this issue. As the Council had received very little CIL contributions in 2019/20, it was not material in the accounts.

#### **RESOLVED that**

- the Grant Thornton Audit Findings for Cotswold District Council be noted;**
- the Statement of Accounts 2019/20 be approved; including late appendix and adjustments**
- the officer responses to Audit Committee Comments, be noted;**
- the Chief Finance Officer and the Chairman of the Audit Committee be authorised to write a letter of representation on behalf of the Committee and Council to Grant Thornton to enable the opinion to be issued.**

**Record of Voting – for 6, against 0, abstention 0, absent 1.**

#### **AUD.39 Treasury Mid-Term Report 2020-21**

This was the half year report which would be reported to Full Council in January. There was fluctuation in the market due to Brexit and Covid-19, the Chief Finance Officer highlighted the treasury income and investment income from cash holdings. It was explained that the Bank of England Base Rate was cut and investments were earning exceptionally low levels of income, although the Social Housing Reit, which the Council had invested in, had improved since April.

Since the news regarding the vaccine for Covid-19 the markets had improved. Advice was that investments should remain in place while the market improves.

The CCLA property fund did temporarily stop trading; they were illiquid assets, although the fund had reverted to full dealing by the end of September.

The Chief Finance Officer highlighted that the Audit Committee would receive a set of strategies; Capital, Investment and Treasury Management, at their meeting in January 2021, which would be subsequently presented to Full Council, for consideration.

**RESOLVED that the Treasury Management mid-year performance be considered and recommended to Council for approval.**

**Record of Voting – for 6, against 0, abstention 0, absent 1.**

**AUD.40 Work Plan 2020/21**

The Chair highlighted that the need for a briefing session on the Effectiveness of the Audit Committee should take place before the end of the current civic year.

A question was asked whether the Audit Committee received the budget proposals. These were to be presented to the Overview and Scrutiny Committee on 1 December 2020, which would then feed through to Cabinet and onto Council. Audit Committee would receive the Capital, Investment and Treasury Management Strategy.

**AUD.41 Exclusion of the Public and Press**

Proposed by Councillor Coleman and Seconded by Councillor Berry

Section 100A(4) of the Local Government Act 1972 and that the public and Press should be excluded from the meeting on the grounds that it involves likely disclosure of exempt information as defined in paragraph (3) of Part I of Schedule 12A of the Act (Information relating to financial or business affairs) and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information concerned.

**Record of Voting – for 6, against 0, abstention 0, absent 1.**

**AUD.42 Verbal update from Arlingclose on the effect of Covid-19 on the Council's Investments and Environmental, Social and Governance investing**

Arlingclose presented their advice on the current markets and likely improvements in the markets in the near future. The drop in the markets was due to Covid-19 and a possible no deal Brexit.

Members thanked Arlingclose for the presentation which had information that could be used as part of the Council's suite of strategies on Capital, Treasury and Investment strategies.

The Meeting commenced at 4.00 and closed at 6.59pm.

Chair  
(END)